



March 28, 2007

Pending Tax Increases for Native Americans Under the Democrat Budget Resolution

- Indian employment tax credit -- 12/31/07
- Accelerated depreciation for business property on an Indian reservation --12/31/07

The Budget Resolution proposed by House Democrats begins with the assumption that every expiring tax provision, including those listed above, will expire and that therefore in order to continue any particular item of tax relief, the “cost” of the tax relief to the government must be offset or “paid for.”

Many Democrats have responded to questions about how they will “pay for” extending popular tax relief items such as the child tax credit, by replying that they will cancel President Bush’s tax cuts for the wealthy. Yet, under the Democrat’s Budget, both the child tax credit and Bush’s tax cuts for the “wealthy” – indeed all tax relief – expires.

Therefore, in order to “pay for” the child tax credit, you actually have to raise taxes above and beyond simply canceling the Bush tax relief. In other words, House Democrats are proposing that in order to extend tax relief for families, small business or anyone else, that we not just return to the pre-Bush tax levels but in fact increase taxes above the levels that existed even under President Clinton. The likely outcome under the Democrat Budget is that many popular tax relief items – such those helping Native Americans – will simply expire.

Note: This is not an exhaustive list of all expiring tax provisions under the Democrat Budget.